

*Suzanne Henderson*  
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**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF TARRANT

§

**OIL AND GAS LEASE (No Surface Use)**

This OIL AND GAS LEASE (No Surface Use) is made and effective this 25th day of February, 2009 (the "Effective Date"), by and between **Stratoflex, Inc.**, located at 6035 Parkland Blvd., Cleveland, Ohio 44124 (hereinafter "**Lessor**"), and **Four Sevens Energy Co., L.L.C.**, whose address is 201 Main Street, Suite 1455, Fort Worth, Texas 76102 (hereinafter "**Lessee**").

1. **GRANTING CLAUSE.** Lessor, in consideration of lease bonus in hand paid, and other good and valuable consideration in hand paid by Lessee, the receipt of which is hereby acknowledged, and in consideration of the royalties herein provided, and the covenants, agreements and obligations of Lessee herein contained, and upon and subject to the conditions and with the limitations hereinafter set forth, hereby leases and lets exclusively unto the said Lessee, for the exclusive purpose of producing oil and gas and substances, if any, produced in association with oil or gas, from all those certain lands situated in Tarrant County, Texas, described as follows, to wit:

**SEE ATTACHED EXHIBIT "A" FOR PROPERTY DESCRIPTIONS**

(herein the "**Leased Premises**"). This lease does not grant to Lessee any right to explore for or produce any mineral or other substance except for oil and gas and substances, if any, produced in association with oil or gas.

2. **PRIMARY TERM.** This lease shall remain in force and effect for a term of three (3) years from the Effective Date set out above (hereinafter called "**Primary Term**"), and as long thereafter as there is production in paying quantities from any portion of the Leased Premises contributed to Retained Tract(s), as provided in paragraph 5 herein.

3. **ROYALTY.** As royalty, Lessee covenants and agrees to pay to Lessor:

(a) 25% of all oil and other liquid hydrocarbons produced and saved from the Leased Premises, to be delivered at Lessor's option at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities on the Leased Premises, or, at Lessor's option, 25% of the value thereof, all free of all costs and expenses. All oil and liquid hydrocarbons (including those referred to in paragraph (c) below) shall be measured in tanks of Lessee or by accurate liquid meters approved by Lessor.

(b) 25% of the value at the point of final delivery to the first purchaser, and not at the well, of all gas (including casinghead gas) and all other substances (excluding oil) covered hereby, free of all costs and expenses. For purposes hereof, "value" is defined as the price actually received by Lessee for the sale of gas and all other substances (excluding oil) produced and saved hereunder, provided the same is sold under an arms-length and competitively negotiated contract for the sale of such product. Upon request, Lessee shall make available for Lessor's review a copy of any gas contract entered into between Lessee and such unaffiliated entity for gas sold from the Leased Premises, and Lessor shall not disclose the terms of such contract to any party without the prior written consent of Lessee. Lessor shall also be entitled to its 25% royalty share of any take-or-pay or similar payments received in connection with any gas contract modification or termination. Lessee shall pay royalty on all gas produced from the Leased Premises, and Lessee shall have no right to free use of gas produced from the Leased Premises for any purpose, including any operations under this lease.

(c) Notwithstanding anything herein to the contrary, the royalties accruing under this lease shall be determined and delivered to Lessor free of any deduction for any costs of development, production, compression, processing, treating, gathering,

transportation, delivery, marketing, or any part of the costs of construction, operation, or depreciation of any plant or other facilities or equipment used in the handling of oil, or gas, or any other post-production costs of any nature, excepting however: (i) taxes of any character applicable to Lessor's share of production that are paid by Lessee; and (ii) Lessor's proportionate part of any post-production costs charged for arms-length services provided at a location off of the Leased Premises or lands pooled therewith, by a third-party not affiliated with Lessee. It is the intent of the parties that the foregoing provisions of this subparagraph 3(c) are to be fully enforceable and effective and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources v. NationsBank*, 939 S.W.2d 118 (1997).

(d) If there is on lands pooled with the Leased Premises a well capable of producing gas in paying quantities but gas is not being marketed therefrom for a period of ninety (90) consecutive days and this lease is not then being maintained by other production or operations, then this lease shall terminate unless on or before sixty (60) days following the end of such ninety (90) day period, Lessee tenders or pays as royalty hereunder the sum of Five Thousand Dollars (\$5000.00) to Lessor, which payment shall maintain this lease in full force and effect, as to the Retained Tract (as defined below) contributed to such pooled unit, for a period of one (1) year from the date such well is shut-in, and it will be considered that gas is being produced hereunder in paying quantities. Lessee may exercise its right to make shut-in royalty payments as provided for herein from time to time; however, this lease may be maintained by such shut-in payments only if Lessee is exercising reasonable diligence in attempting to market and sell gas producible hereunder. Notwithstanding anything herein to the contrary, this lease shall not be maintained by shut-in royalty payments for a period longer than two (2) years of cumulative time.

(e) At its sole cost, risk and expense, Lessor shall have a continuing right and option, but not the obligation, to be exercised by Lessor as set forth herein, to take its royalty interest share of production in kind, provided, Lessor must give Lessee thirty (30) days advance written notice of Lessor's intent to take its royalty interest share of production in kind, and Lessor's election shall be for monthly periods of at least three (3) consecutive months. The following provisions shall also apply with respect to Lessor's taking its royalty interest share of production in kind:

(i) Lessor shall have access to the delivery points for third party purchasers of Lessor's gas;

(ii) Lessee shall deliver all of Lessor's royalty interest share of gas production free of all Post Production Expenses; and

(iii) Any imbalances as between Lessor and Lessee will be handled in accordance with the provisions of a mutually agreeable gas balancing agreement, to be executed prior to Lessor taking any production in kind.

(f) Lessor shall have the right to audit the accounts and records of Lessee, its successors and assigns, relating to the Leased Premises and to its operations under this lease. Such right shall be exercised by Lessor by giving Lessee reasonable notice and such audit shall be conducted only during normal business hours. If the audit reveals an underpayment, Lessee shall be responsible, and promptly reimburse Lessor in respect of all expenditures by Lessor, for the costs of the audit.

(g) Initial royalty payments shall be due within ninety (90) days after the end of the month in which first sales were made. All subsequent royalty payments shall be due within ten (10) days after the end of the month for oil and sixty (60) days for gas in which the production occurred. Should Lessee fail to pay such royalty within such time, then Lessee shall pay to Lessor interest on said accrued royalties at the rate of the lesser of the maximum rate permitted by law or the average prime interest rate charged by the two largest banks in Tarrant County, Texas, plus two percent (2%), from the due date until the date of payment. If Lessee fails to comply with the provisions of this paragraph, then Lessor shall, at its option, have the right to cancel this lease by filing an affidavit of record in Tarrant County, Texas; however, Lessor shall give written notice of such intention to Lessee and Lessee shall then have thirty (30) days in which to comply with the provisions of this paragraph; further provided, however, that such notice requirement

and opportunity to cure shall not apply if Lessee has failed to comply with the provisions of this paragraph on three or more prior occasions during any twelve-month period. Should Lessee pay Lessor all royalty payments past due during said period with accrued interest, this lease shall not be cancelled. The rights of Lessor under this paragraph shall be in addition to, and not in lieu of, all rights Lessor may have as to payment of royalty under V.T.C.A. Natural Resources Code §§ 91.401 through 91.405.

(h) No gas, oil, or byproducts shall be sold to an affiliate of Lessee without the prior written consent of Lessor, which consent may not be unreasonably withheld. The term "affiliate of Lessee", as used herein, means and includes any individual, firm, corporation, partnership, limited liability company, association, joint stock company, pension fund, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, or any other legally recognizable entity that (a) directly or indirectly owns, controls or holds with power to vote 10% or more of the outstanding voting securities of Lessee, (b) 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by Lessee, or (c) directly or indirectly controls, is controlled by or is under common control with Lessee. In the event gas, oil or byproducts shall be sold to an affiliate of Lessee, the value of such shall be determined through the use of market value index prices for the month of production as set forth in Published Indices, plus any applicable premiums. For purposes of this lease, "Published Indices" must be industry recognized published price references, unaffiliated with Lessee, which reflect the market value for oil, gas, or byproducts produced in Tarrant County, Texas. In the event Published Indices are unavailable for gas produced in Tarrant County, Texas, Published Indices for the Houston Ship Channel shall be used, with an appropriate deduction for the cost of transmission of the gas through common carrier transmission lines from the field to the Houston Ship Channel. The Published Indices relied upon to determine the value of Lessor's oil, gas or byproducts may be changed from time to time in order to always reflect the true market value of the oil, gas or byproducts produced from the Leased Premises.

(i) If gas is produced from the Leased Premises, and if more than one party owns the working interest share of the gas produced, and if any or all of such co-owners elect to take and market their share of such gas separately, resulting in "split-stream" deliveries of such gas to different purchasers, then the following shall apply:

A. Lessor shall be entitled to Lessor's royalty share (proportionately reduced, as herein provided, if Lessor owns less than all the oil and gas under the Leased Premises) of the proceeds of the sale of the entire production of gas produced from the Leased Premises, regardless of how such gas is allocated among the working interest owners or to whom such gas is sold, and regardless of any agreements to the contrary among the working interest owners.

B. Lessee, its successors and assigns shall be liable for Lessor's entire royalty on such gas production, regardless of whether Lessee actually is allocated or receives any proceeds of sale of any such production. Lessee shall account to Lessor for all of Lessor's royalty share of such gas production, so that Lessor shall not be required to receive royalties from more than one purchaser or working interest owner, and Lessee shall provide production statements from all purchasers of such gas showing the volumes sold and the price paid therefor, and any applicable adjustments.

(j) To secure Lessee's payment of royalties hereunder and in compliance with the other terms and provisions of this lease, Lessor hereby retains, and Lessee hereby grants to Lessor, a security interest in 25% of all as extracted collateral, including, (A) oil and gas produced, saved and extracted from the Leased Premises, under and pursuant to this lease, and (B) all accounts arising out of the sale of such oil and gas and all proceeds thereof (the "Collateral"). The security interest created hereby shall continue with respect to oil and gas produced, saved and extracted from the Leased Premises notwithstanding the sale or other disposition thereof until Lessor, as secured party, receives indefeasible payment of the royalties due with respect thereto under the terms and provisions of this lease. In addition to any other remedies provided in this lease, Lessor, as a secured party, may in the event of Lessee's default hereunder, including any failure to pay when due royalties in the amount required hereby, (i) proceed under the Texas Uniform Commercial Code (the "Texas UCC") as to the Collateral, in any manner

permitted by the Texas UCC and (ii) shall have available to it the remedy of sequestration available to secured parties, and to the extent permitted by law, the remedies of replevin, attachment and garnishment to assist Lessor in realizing upon its rights. This lease, or a memorandum thereof, shall, upon its recordation, be effective as a financing statement under the Texas UCC, and shall serve as an authenticated record under Texas Business and Commerce Code Section 9.203. The addresses of Lessor, as Secured Party, and Lessee, as Debtor, and information concerning Lessee's organizational type, state of organization and organization number are as set forth at the beginning of this lease. To assure continued perfection of the security interest created hereby, (i) Lessee agrees not to change its name or jurisdiction of organization without giving Lessor prior written notice and (ii) Lessee authorizes Lessor to file in any appropriate office a financing statement identifying Lessee as debtor and covering the Collateral and continuation statements with respect to this lease or any separate financing statement.

4. PAYING QUANTITIES. For purposes hereof, "paying quantities" is defined as revenue from the sale of production from a well sufficient to return a profit, after deduction of royalties, overriding royalties and production taxes, over and above all direct operating costs, including capital costs or district office overhead not directly attributable to the Leased Premises, for any consecutive six (6) month period.

5. CONTINUOUS DEVELOPMENT.

(a) At the later to occur of the expiration of the Primary Term or at the end of the "Continuous Development Period" provided in subpart (c) below, this lease shall terminate as to all of the Leased Premises SAVE and EXCEPT for the following "**Retained Tracts**" which contain a well then producing oil or gas in paying quantities: (i) no more than forty (40) acres for producing wells other than Horizontal Wells; (ii) no more than six hundred and forty (640) acres for producing Horizontal Wells; and (iii) all lands included in any pooled unit for a producing well created under the authority granted in paragraph 6 below. For purposes of this lease, a Horizontal Well shall be defined as a horizontal well under Texas Railroad Commission Statewide Rule 86. Further, at the expiration of the later to occur of one (1) year beyond the expiration of the Primary Term or the end of the Continuous Development Period, provided in subpart (c) below, Lessee shall release all rights under each such Retained Tract(s) more than 100' below the stratigraphic equivalent of the then deepest producing formation. In the event the Railroad Commission of Texas (or other governmental authority having jurisdiction) requires, as opposed to permits, the allocation of larger or smaller tracts of land to any such producing well in order to obtain the maximum production allowable, then this lease shall continue in force and effect as to the amount of acreage surrounding each well required to obtain such full allocation.

(b) Lessee shall, within thirty (30) days after the partial expiration of this lease for any reason as provided herein, file of record in the Office of the County Clerk where the Leased Premises are located, an instrument releasing this lease insofar as said lease has terminated, specifically describing the Retained Tracts surrounding each producing well and the depth retained by Lessee. Lessee shall, prior to recording such release, deliver to Lessor a plat depicting the location of each Retained Tract along with the log of each well within a Retained Tract and proof of the depth to Lessee to be retained within each tract. Each such Retained Tract shall be as nearly in the form of a square (for vertical wells) and a rectangle (for horizontal wells) as is possible, with the well located thereon being sufficient distance from the boundary lines of such retained tract as to comply with the rules and regulations of the Railroad Commission of Texas and shall conform, as nearly as practicable, with the lease lines.

(c) If at the end of the Primary Term, Lessee is then engaged in the actual drilling of a well for oil or gas on the Leased Premises or lands pooled therewith (or Lessee has completed a well producing oil or gas in paying quantities during the Primary Term), then the release provisions of this Paragraph 5 shall not be applicable until such time as the Lessee has been allowed a period of ninety (90) consecutive days between the completion date on a well and the commencement of actual drilling operations on a subsequent well on the Leased Premises, and fails to commence actual drilling operations on such subsequent well within such ninety (90) day period (the "**Continuous Development Period**"). In the event a well producing oil or gas in paying quantities is drilled and completed by Lessee on the Leased Premises or lands pooled therewith within

the Primary Term, the Continuous Development Period shall initially run from the end of the Primary Term.

(d) At such times as a partial termination of this lease occurs under the provisions of this Paragraph 5, each Retained Tract shall be considered as a separately leased tract, in the same manner as if Lessors have executed separate leases covering each such Retained Tract.

(e) If at any time production in paying quantities should cease from a Retained Tract hereunder, this lease shall not terminate as to the portion of the Leased Premises then included within such Retained Tract if drilling or reworking operations are commenced on such Retained Tract within ninety (90) days after such cessation of production; and if such drilling or reworking operations are so commenced, this lease will remain in effect as to the lands then included within such Retained Tract for as long as such drilling or reworking operations continue with no cessation of more than ninety (90) consecutive days, and if production of oil or gas is restored on such Retained Tract, for as long as production continues in paying quantities.

(f) For purposes of this lease, drilling operations shall be deemed to have "commenced" when a drilling rig and machinery capable of drilling to a depth sufficient to test the Barnett Shale formation have been erected on the well location. Furthermore, for purposes of this lease, the "completion" of non-producing wells shall be the date of final plugging and abandonment, and the "completion" of a producing well shall be the date the well is physically completed and capable of production, including the completion of the potential test and all other tests required by the Railroad Commission of Texas or its successor regulatory agency; provided, such completion shall never be more than one hundred (100) days following release of the drilling rig.

6. POOLING. Lessee is hereby granted the right to pool the Leased Premises with any other adjoining land, lease, or leases, as to any or all minerals or horizons, so as to establish pooled units containing not more than: (i) forty (40) surface acres for any well other than a Horizontal Well; and (ii) six hundred and forty (640) surface acres for Horizontal Wells. Such pooled units shall be treated as Retained Tracts under paragraph 5 above. If larger pooled units are required under any governmental rule or order for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such pooled unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall execute an instrument identifying such pooled unit and filing it for record in the public office in which this lease is recorded and providing a copy thereof to Lessor. At any time while this lease is in force, Lessee may not dissolve any pooled unit established hereunder without Lessor's prior written consent, which shall not be unreasonably withheld. If operations are being conducted for drilling on or production of oil or gas from any part of a properly pooled unit which includes a portion of the Leased Premises, such operations or production shall be considered as operations for drilling on or production of oil and gas from that portion of the Leased Premises which is included in such pooled unit whether or not the well or wells are located on the Leased Premises. For the purpose of computing the royalties to which owners of royalties and payments out of production shall be entitled on production of oil and gas from any pooled unit, there shall be allocated to that portion of the Leased Premises included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas produced from the pooled unit which the number of surface acres of the Leased Premises included in the pooled unit bears to the total number of surface acres included in the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the pooled unit (or to each separate tract within the unit) that pro rata portion of all of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in such separate tract) and included in the pooled unit bears to the total number of acres in the pooled unit. Pooling hereunder shall not constitute a cross-conveyance of interests. In the event this lease, or any part thereof, covers separate tracts, no communitization of royalty interests as between any such tracts is intended or shall result from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right and authority to pool or unitize the lease premises as provided in the pooling or other such provisions contained in this lease. As used in this paragraph, the term "separate tract" means any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the Leased Premises. Notwithstanding anything to the contrary herein contained, drilling operations on or production from a pooled unit or units established under the provisions hereof or otherwise embracing land

covered hereby and other land shall maintain this lease in force only as to land included in such unit or units. At any time while this lease is in force, Lessee may not dissolve any pooled unit established hereunder without Lessor's prior written consent.

7. **ASSIGNMENT.** Lessee may not assign or otherwise transfer operations under this lease without the prior written consent of Lessor, which consent may not be unreasonably denied. Provided however, Lessor may withhold such consent if the assignee or transferee of this Lessee assumes duties as operator has a net worth equal to or greater than Lessee or the capability of operating the lease in a manner comparable to the manner in which the Lessee operated the lease. The interest of Lessor hereunder may be assigned, mortgaged or transferred in whole or in part, but no change or division in ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder. No change in ownership permitted hereunder shall be binding on either party hereto until thirty (30) days after the other party has been furnished the original or certified or duly authenticated copies of the documents evidencing such change of ownership. The rights and obligations of the parties hereunder shall extend to their respective heirs, successors and assigns. The acceptance of a tenant by Lessor, in place of Lessee, shall not operate as a cancellation hereof, nor to release Lessee from the performance of any covenant, promise or agreement herein contained, and performance by any substituted tenant by the payment of rent, or otherwise, shall constitute only satisfaction pro tanto of the obligations of Lessee arising hereunder.

8. **NO SURFACE USE.** Notwithstanding anything herein to the contrary, Lessee shall have no right to enter upon, conduct any drilling or other surface operations of any nature, or place any facilities or structures of any kind on, over or across, any portion of the Leased Premises (including, but not limited to, exploration activities of any nature, seismic activities, the laying of pipelines, surveying, the building of roads, tanks, power stations, telephone lines, flow lines, electric power lines, tank batteries, or treaters). Provided however, Lessee shall have the limited right to enter the Leased Premises with a subsurface horizontal or directional wellbore in an effort to explore for and develop oil and gas under the Leased Premises, provided that such operations do not interfere with in any way the surface, or subsurface support of any improvements constructed on, the Leased Premises or the business activities conducted on the Leased Premises.

9. **INDEMNITY.** Lessee, its successors and assigns, agree to release, defend, indemnify, and hold harmless Lessor, and its respective officers, owners, management, guests, members, shareholders, invitees, and any of their heirs, successors, agents and employees (collectively, the "**Indemnified Parties**"), from any and all costs, losses, claims, judgments, settlements, and damages of every kind and character to real property, personal property or persons (including, without limitation, claims involving environmental laws and regulations, pollution, contamination of ground waters, personal injury and death)(excluding, deliberate, intentional or willful acts of Lessor or third party misconduct, illegal entry, or negligence on the lease premises), lawsuits and/or causes of action (including reasonable attorneys' fees, expert fees and court costs) (collectively "**Claims**"), **INCLUDING CLAIMS ARISING FROM THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, OMISSION OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES**, which may grow out of, arise from, or in any manner be connected with the activities of Lessee and Lessee's agents, invitees, guests, contractors, oil or gas purchasers, oil or gas transporters, servants and employees, whether acting within the scope of their employment or not, and whether negligent or not, on the Leased Premises, or any adjacent property, including, without limitation, any Claims arising from loss of subsurface support of the Leased Premises and any Claims arising from the production or transportation of oil or gas produced from the Leased Premises or lands pooled therewith. For purposes of this Paragraph 9 and Paragraph 10 of this lease, environmental laws and regulations include, without limitation, the federal Oil Pollution Act (OPA), the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the federal Resource Conservation and Recovery Act (RCRA), the federal Clean Water Act, the Texas Solid Waste Disposal Act (TSWDA), the Texas Water Code (TWC), and the federal, state and local rules, regulations, ordinances, orders and governmental directives implementing such statutes. The Lessee's obligations in this Paragraph 9 shall survive the termination of this lease.

10. **ENVIRONMENTAL LIABILITY.** As used in this lease, the term "**Hazardous Materials**" means any substance or material defined or identified as hazardous, extra-hazardous, toxic or radioactive or subject to regulation as a solid waste or pollutant under any applicable federal, state, or local statute or regulation including, without limitation, the environmental laws and regulations referenced in paragraph 9 of this lease. "**Remedial Work**" is defined as any site

investigation or monitoring, any cleanup, containment, remediation, removal, or restoration work performed in response to any federal, state or local government authority or private party action ("action"), or pursuant to any federal, state or local statute, rule, regulation, ordinance, order, governmental directive or other laws ("law"). Lessee agrees, for the benefit of the Lessor, (1) to remove from the Leased Premises, if, as and when required by any action or law, any Hazardous Materials placed or released thereon by Lessee (including its drillers and other contractors), (2) to perform Remedial Work where the need therefore arises in connection with Lessee's (including its drillers' and other contractors') operations or activities on the Leased Premises or any adjacent property, and (3) to comply in all respects with all laws governing operations by Lessee (including its drillers and other contractors) and Remedial Work on or associated with the Leased Premises and any adjacent property. Remedial Work shall be performed by one or more contractors selected by Lessee under the supervision of an engineer selected by Lessee. All costs and expenses of Remedial Work resulting from Lessee's (including its drillers' and other contractors') operations shall be paid by Lessee, including, without limitation, the charges of such contractors and/or the consulting engineer and Lessor's reasonable attorneys' fees and costs incurred in connection with the monitoring or review of Remedial Work. If Lessee shall fail to timely commence or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Lessor may (but shall not be required to), after first giving Lessee fifteen (15) days notice of its failure and Lessee's continued failure to perform, cause such Remedial Work to be performed and Lessee will reimburse all reasonable costs of same on demand. The provisions of this paragraph shall not constitute approval or obligate Lessor to consent to the imposition of any engineering or institutional control that would restrict or limit future use of the Leased Premises for any purpose including, without limitation, any deed restriction or limitation on the use of groundwater or use of the property for residential purposes. Lessee will notify Lessor of any claim or other action by any governmental agency or any third party involving the actual or alleged existence of Hazardous Materials on the Leased Premises or any adjoining property and provide Lessor with copies of (1) any notice of any actual or threatened release of Hazardous Materials given by Lessee pursuant to any law and (2) any report of and response to any such release including all Remedial Work. Lessee, its successors and assigns, in accordance with the provisions of paragraph 9, will release, indemnify, pay and protect, defend and save the Indemnified Parties harmless from all claims, liabilities, fees and expenses of any kind (including reasonable attorneys' fees, expert fees and costs) that arise from the actual or alleged presence or release of any Hazardous Materials in connection with the operations of Lessee and Lessee's agents, invitees, guests, contractors, servants and employees on the Leased Premises or any adjacent property. Such indemnification shall include, without limitation, costs in connection with any Remedial Work performed by Lessor, or any third party in response to any federal, state or governmental authority, laws or regulations, due and payable upon demand by the Lessor. The Lessee's obligations in this Paragraph 10 shall survive the termination of this lease.

11. INSURANCE. Lessee, at its own expense, shall maintain a general liability insurance policy (covering both bodily injury and property damage and covering its indemnity obligations under paragraphs 9 and 10 of this lease) in an amount of at least \$5,000,000 combined single limit. Lessee shall also, at its own expense, carry worker's compensation insurance as required by law. Said policies shall (i) name Lessor as an additional insured (except for the worker's compensation policy, which instead shall include a waiver of subrogation endorsement in favor of Lessor), and (ii) provide that said insurance shall not be canceled unless thirty (30) days prior written notice shall have been given to Lessor. In addition, such insurance provided by Lessee shall be primary coverage for Lessor when any policy issued to Lessor is similar or duplicate in coverage, and Lessor's policies shall be excess over Lessee's policies.

12. FORCE MAJEURE. Should Lessee be prevented from conducting drilling or reworking operations thereon, from producing oil or gas therefrom, by reason of fire, storm, flood, war, riot, strike or by act of God, or failure to obtain a drilling permit from the City of Fort Worth, or other causes not due to Lessee's negligence or willful acts or omissions, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended for a period not to exceed two (2) years, and Lessee shall not be liable in damages for failure to comply therewith, and this lease shall be extended for a period not to exceed two (2) years while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on, or producing oil and gas from, the Leased Premises or lands pooled therewith; and the time while Lessee is so prevented shall not be counted against Lessee. In order for Lessee to claim the benefit of this paragraph, Lessee must advise Lessor in writing within thirty (30) days of the date Lessee claims any obligation is suspended, setting forth in reasonable detail such facts as Lessee relies upon to make the provisions of this paragraph applicable and Lessee must make



every reasonable attempt to cure any force majeure event on an ongoing basis during such period of force majeure. Lessee agrees that equipment failure shall not constitute a force majeure event.

13. NOTICES.

(a) To Lessee. All notices to Lessee from Lessor shall be sent to the following address:

Four Sevens Energy Co., L.L.C..  
201 Main Street, Suite 1455  
Fort Worth, Texas 76102

Lessor shall be notified in writing of any change of address, or of the party to receive notice on behalf of Lessee. Additionally, Lessee agrees to designate in writing the name of the person or persons to be present from time to time on said lands as current operations are being conducted, with whom Lessor may communicate about the activities being conducted and with whom Lessee may resolve any claim for damages.

(b) To Lessor. Lessor shall be notified at the address shown below. Lessor shall notify Lessee of any change of the address set forth below.

Stratoflex, Inc.  
6035 Parkland Blvd.  
Cleveland, Ohio 44124

14. NO WARRANTY. Notwithstanding anything herein to the contrary, this lease is made by Lessor without any warranties or representations of title, ownership or control of the Leased Premises, either express or implied, and without recourse against Lessor. However, if Lessor owns less than the full mineral estate in all or any part of the Leased Premises, the royalty payments herein provided for may be reduced proportionately to the interest of Lessor. In the event Lessor acquires any additional interest in the Leased Premises subsequent to the date hereof, such interest shall *ipso facto* be covered by or included in this lease. Lessee shall provide Lessor with a copy of any abstract and title opinion obtained by Lessee covering any of the Leased Premises, but Lessee shall not be responsible for the accuracy of the contents thereof.

15. WAIVER. No waiver of any of the provisions of this lease shall be deemed or constitute a waiver of any other provision of this lease, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. Likewise, the failure of Lessor to enforce any provision of this lease shall not be deemed nor shall constitute a waiver of the right of Lessor to enforce such provision.

16. LAW AND VENUE. The rights and duties of the parties under this lease shall be governed by the laws of the State of Texas. Venue for any action to enforce Lessee's obligations hereunder shall lie in Tarrant County, Texas.

17. HEADINGS. The paragraph headings in this lease are for convenience only, and shall not be considered in interpretation or construction of any provision of this lease.

18. SUCCESSORS AND ASSIGNS. All terms, provisions and obligations of this lease shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, legal representatives, administrators, permitted successors and assigns.

19. ATTORNEYS' FEES. If Lessor files a legal action to enforce any express or implied obligation of this lease and receives a favorable judgment from a court of competent jurisdiction, then Lessee shall reimburse Lessor for all costs of such legal proceedings, including reasonable attorneys' fees, expert witness fees and costs.

20. COMPLIANCE WITH LAW. Lessee covenants that it will strictly comply with all applicable laws, regulations and ordinances in conducting all operations under this lease.

21. LESSOR'S ACCESS TO INFORMATION. Within thirty (30) days from receipt of written request from Lessor, Lessee shall furnish Lessor information as to whether a well is a producer or as a dry hole and the total depth attained in the drilling thereof. Lessee also agrees to furnish Lessor full information concerning production and runs, cores, cuttings, samples, logs,



deviation tests and directional surveys, drill stem tests and other tests of other kind or character, and copies of all run tickets and copies of all reports, applications, or other communications or filings to or from the Railroad Commission of Texas, concerning such wells. In addition, Lessee shall furnish Lessor a copy of the following reports: core record, core analysis, well completion, bottom hole pressure measurement, directional survey records, electrical and induction surveys and logs, gas and oil ratio reports, paleontological reports pertaining to the paleontology of the formations encountered in the drilling of any wells on lands pooled with the Leased Premises, and all other reports which pertain to the drilling, completing or operating of the wells on lands pooled with the Leased Premises. Lessee also agrees to furnish Lessor a copy of all gas contracts, processing agreements, transportation agreements, plant construction agreements and any other agreements pursuant to which Lessee shall sell, use, transfer or dispose of any oil or gas, or product extracted therefrom, or sulphur, produced from the Leased Premises or extracted from any substance produced from the Leased Premises, and all amendments thereto. Lessee agrees to furnish Lessor with copies of Title Opinion, abstracts, curative materials and supplemental title opinions related to the Leased Premises. All information furnished to the Lessor hereunder shall be maintained as confidential and not disclosed to any third parties during the term of this Lease, or until such information otherwise becomes available to the public, whichever is sooner.

22. ENCUMBRANCES. This lease is subject to all licenses, permits, easements, rights of way, surface leases, restrictive covenants, and other contracts of Lessor, or its predecessors in interest, affecting the Leased Premises.

23. COUNTERPARTS. This lease may be executed in multiple counterparts, all of which shall be deemed to constitute one instrument.

IN WITNESS WHEREOF, this instrument is executed to be effective as of the date stated herein.

**LESSOR:**

**STRATOFLEX, INC.,**  
A Texas Corporation

By: Parker-Hannifan Corporation,  
An Ohio Corporation  
Its General Partner

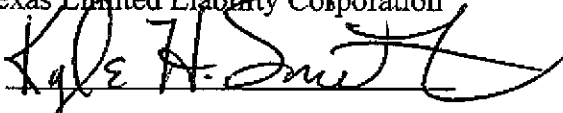
By: 

Printed Name: Timothy K. Pistell

Title: Executive Vice President

**LESSEE:**

**FOUR SEVENS ENERGY CO., L.L.C.**  
A Texas Limited Liability Corporation

By: 

Printed Name: Kyle H. Smith

Title: Registered Agent

THE STATE OF OHIO                    §  
COUNTY OF Cuyahoga            §

CORPORATE ACKNOWLEDGEMENT    §

The foregoing instrument was acknowledged before me this 19<sup>th</sup> day of March, 2009 by Timothy K. Pistelli, as Executive Vice President of Stratoflex, Inc., on behalf of said corporation, acting in his capacity stated herein.

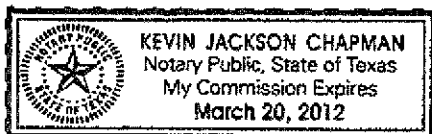
Gloria A. Hren  
Notary Public, State of Ohio  
GLORIA A. HREN, Notary Public  
State of Ohio, Cuyahoga County  
My Commission Expires Nov. 26, 2010  
Printed Name of Notary Public

November 26, 2010  
Expiration Date of Commission

THE STATE OF TEXAS            §  
COUNTY OF TARRANT        §

CORPORATE ACKNOWLEDGEMENT    §

This instrument was acknowledged before me on the 17<sup>th</sup> day of April, 2009, by Kyle H Smith, as Registered Agent of Four Sevens Energy Co., L.L.C., on behalf of said corporation, acting in his capacity stated herein.



[Signature]  
Notary Public, State of Texas

KEVIN JACKSON CHAPMAN  
Printed Name of Notary Public

MARCH 20, 2012  
Expiration Date of Commission

THE STATE OF TEXAS     §  
                                     §  
COUNTY OF TARRANT   §

EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated February 25, 2009, between Stratoflex, Inc., as Lessor, and Four Sevens Energy Co., L.L.C., as Lessee.

DESCRIPTION

TRACT 1

14.3965 acres of land, more or less, out of the B.D. Alford Survey, A-37, Tarrant County, Texas, and being described in that certain plat recorded in Volume 388-120, Page 85 on June 9, 1978 in Deed Records of Tarrant County, Texas. Further described in said plat as:

Lots 1 and 2, Block 1, of the Stratoflex Addition to the City of Fort Worth, Tarrant County, Texas.

TRACT 2

11.997 acres of land, more or less, and being a tract of land situated in the T.J. Hanks Survey, Abstract 644, City of Mansfield, Tarrant County, Texas, according to that certain Deed recorded in Volume 5525, Page 145 Deed Records, Tarrant County, Texas.